

RECEIVED

STANLEY S. HUBBARD'S TESTIMONY BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
IN REGARD TO DIGITAL TELEVISION

DEC 15 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

December 12, 1995

The new world of digital television has already commenced. The United States Satellite Broadcasting Company, Inc. (USSB), of which I am Chairman of the Board, and DIRECTV, the only two operating high power direct broadcast satellite providers, employ the technologically advanced MPEG2 digital compression standard. Cable television operators also have the expectation of employing a digital format. Terrestrial television stations must be allotted the necessary spectrum to compete in this new and developing video environment, for it is only the terrestrial television station which offers free, over-the-air service to the public. The benefits of the news, public affairs, entertainment, sports and other programming presented by terrestrial television stations without charge to the public is well established. However, there are many uncertainties facing the introduction and acceptance of digital television. The marketplace will govern the outcome of these uncertainties.

More than 20 million color television sets are sold each year in the United States. Most television set purchases are additions, not replacements, and expand the number of viewing locations in the house. When people have a proper antenna installation connected to their set by coaxial cable, they receive a good picture with which they are generally satisfied. Thus, the introduction of digital television sets may proceed slowly.

I first saw high definition television with my family when we made our first visit to the NHK Laboratories in Tokyo in 1981. We were extremely impressed, not only with the quality of the picture, but with the format. We had not seen anything that could compare to HDTV, and I was sure that HDTV was the wave of the future. As a result of my experience during the last 14 years, however, I am not sure that many people will consider HDTV sufficiently valuable to justify a near-term investment for an HDTV set. I have learned that there are many factors, some of which may not be immediately foreseen, that enter into the consumers' purchasing decision. How fast consumers will purchase the new digital television sets cannot be predetermined with any exactitude.

In considering the transition to ATV, I hope that we will not forget those many Americans who rely on translators and other low-power repeater stations to receive local television service. My understanding is that the present proposals would change the table of allocation for television service in such a way that many translators would be forced off the air due to interference considerations. I am also told that to convert the 5,000 plus television translators in the United States to a digital format, could cost as much as \$200-500 million. It is important to know that the economic basis of most translator operations is marginal, and it may not be possible for many translator associations to raise the money to convert their systems to digital. Almost all translator systems are designed to bring local and regional television service to areas that do not otherwise have any access to such service. These systems are often provided by television stations as a public service, and it would indeed be unfortunate to deprive people of this existing valuable service.

In light of the above, I believe that we should be very careful in how we proceed in our further consideration of replacing the present over-the-air

**analog system with a digital system. As we deliberate, we must keep the following in mind:**

- ° **In all other technological advancements in television, the choices have been strictly voluntary on the part of the public. No one had to buy a color TV—indeed people may still watch black and white television sets; no one was forced to buy a VCR; no one is forced to subscribe to cable; no one is forced to buy a DSS™ system. People have always had the choice to continue to use the equipment they have had.**
- ° **Broadcasters will be investing a great deal of money, time, and energy with little, if any, hope of increased profitability, and indeed in the case of a great many stations, profit may turn to loss as a result of investing in a digital system.**
- ° **There are only two ways to accomplish a transition: A simultaneous system where each television station operates a digital channel as well as their existing analog channel or a compatible conversion much like the transition to color television.**

- If there is a simultaneous choice and consumers ultimately choose not to invest in a new system, then it will become imperative that the analog transmission infrastructure remain in place so that we may cease the new digital system and maintain the popular analog system.
- As I said before, more than 20 million color television sets are sold each year in the United States and most of these sets are designed to last 15-20 years. It would be impractical, and most likely politically impossible, to tell people that they must either replace their analog TV set with a digital one or buy a decoder of some type in order to use their present sets. I think it is clearly impracticable to set an arbitrary date by which all television stations must cease their analog transmission.
- For this reason, it will be impossible for there to be a short-term changeover. By short term, I mean six, seven, eight, and probably even ten years. Television stations should not be forced to deny the American people. The use of the present system must continue until at

least 95 percent or more of the American people have voluntarily switched to a digital system.

- ° Finally and most importantly, the marketplace will determine whether or not the United States is going to change and, if so, when, to a terrestrial digital system.

The infrastructure of our great American television system is at risk, and we must be very, very careful to insure that whatever we do, we do not deprive the American people of the greatest television system in existence. If we are not extremely careful, we could create havoc, cause great confusion and force substantial economic displacement to the industry and, most vitally, the American people.

testmony.ssh